A STUDY OF CONSUMER BEHAVIOUR IN RURAL WESTERN UTTAR PRADESH WITH REFERENCE TO ONLINE SHOPPING IN DISTRICTS OF GHAZIABAD AND HAPUR

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STUDY OF CONSUMER BEHAVIOUR IN RURAL WESTERN UTTAR PRADESH WITH REFERENCE TO ONLINE SHOPPING IN DISTRICTS OF GHAZIABAD AND HAPUR

1. INTRODUCTION

1.1. Consumer Behaviour

Consumer behaviour refers to the study of individuals, groups, or organizations and the processes they use to select, secure, use, and dispose of products, services, experiences, or ideas to satisfy their needs and desires. It encompasses a wide range of activities and decision-making processes that consumers engage in before, during, and after making a purchase.

Understanding consumer behaviour is essential for businesses and marketers seeking to develop effective marketing strategies, product offerings, and communication tactics. By gaining insights into the motivations, preferences, and decision-making processes of consumers, companies can better anticipate and meet their needs, build strong brand relationships, and drive sales and profitability.

1.2. Consumer Behaviour towards online Shopping

Consumer behaviour influenced by online shopping refers to the ways in which people's purchasing decisions, preferences, and habits are shaped by their experiences and interactions with online retail platforms. This influence extends across various aspects of consumer behaviour:

a) **Convenience:** Online shopping offers unparalleled convenience, allowing consumers to browse and purchase products from the comfort of their homes or on-the-go via mobile devices. This convenience factor influences consumer behaviour by making it easier for individuals to shop whenever they want, without being constrained by traditional store hours or physical location.

b) **Access to Information:** The internet provides consumers with access to vast amounts of product information, reviews, and comparisons. Before making a purchase, shoppers can research products, read reviews from other consumers, and compare prices across multiple retailers. This abundance of information empowers consumers to make more informed decisions, leading to changes in their purchasing behaviour.

c) **Price Sensitivity:** Online shopping has heightened price sensitivity among consumers. With the ability to quickly compare prices across different websites, shoppers are more likely to seek out the best deals and discounts. E-commerce platforms often use dynamic pricing strategies and promotional offers to attract price-conscious consumers, further influencing their buying behaviour.

d) **Personalization and Recommendations:** Online retailers leverage data analytics and algorithms to personalize the shopping experience for individual consumers. Through features such as product recommendations, personalized offers, and targeted advertising, e-commerce platforms tailor their offerings to match the preferences and interests of each shopper. This personalized approach can influence consumer behaviour by prompting impulse purchases or encouraging repeat visits to the platform.

e) **Social Influence:** Social media and user-generated content play a significant role in shaping consumer behaviour online. Consumers often rely on recommendations from friends, family, and influencers when making purchasing decisions. Social media platforms also serve as channels for discovering new products, sharing shopping experiences, and seeking validation from peers. The influence of social networks on consumer behaviour is particularly evident in sectors such as fashion, beauty, and lifestyle products.

f) **Psychological Factors:** Online shopping can trigger various psychological factors that influence consumer behaviour. For example, the convenience of one-click purchasing may lead to impulsive buying decisions. The scarcity principle, wherein limited time offers create a sense of urgency, can prompt consumers to make purchases sooner rather than later. Additionally, the sense of satisfaction derived from finding a good deal or receiving positive feedback from peers can reinforce online shopping behaviour.

g) **Brand Loyalty and Trust:** Online shopping experiences can impact consumers' perceptions of brands and their likelihood to remain loyal customers. Positive experiences such as hassle-free transactions prompt delivery, and excellent customer service can foster trust and loyalty towards a brand. Conversely, negative experiences such as product defects, delayed shipments, or poor customer support can erode trust and lead to disengagement from the brand.

Overall, online shopping has fundamentally transformed consumer behaviour by offering greater convenience, access to information, and personalized experiences. Understanding how these factors influence purchasing decisions is essential for businesses seeking to thrive in the digital marketplace.

1.3. Growth of Online Shopping in India

Due to the low per-capita expenditure on online purchases, the Indian e-commerce business, although being one of the fastest expanding, is relatively modest despite the Internet penetration rate in India being 66.39% of the total population in early 2024. Till early 2024, there was a significant change in the internet usage demographic, wherein Rural India presently has more internet users than Urban India. Out of the total internet users in India, more than 50% of users come from rural areas. India is expected to have over 1 billion Internet users by 2025, making it the second-largest Internet market in the world. In the past few years, internet usage has increased immensely in both urban and rural areas. Digital access is nearly pervasive in India, thanks to low data prices. A 95% drop in data prices drove 4x Internet penetration increase over 2015–23. Lower logistics costs helped e-retailers expand reach, deliver faster to customer. Logistics costs have declined by 6% per annum (2020–23)

According to the latest data from TRAI, around 95.15% of villages in the country have access to 3G/4G internet. The average internet speed has also increased in rural areas compared to past years. 18% is the rate at which India's e-commerce market is projected to grow annually through 2025

Here is the table to showcase the internet penetration rate in India by different locations:

Location	India	Urban	Rural
Penetration %	55	70	53
Population Count (in Million)	821	578	442

In 2010, there were only 545.05 million wireless users in India. By 2024, the number of wireless users in India has grown to 1.16 billion. This represents a growth of over 200% in just 14 years! 96.6% of internet users in India use many types of mobile devices to access the internet. Out of which, smartphone users are 94.7%, feature phone users are 4.7%, tablet users are 16.5%, etc. India's online shopper base will be the 2nd largest globally by 2030, with nearly 500-600 million shoppers. Around 87% of Indian households will have an internet connection by 2025, with 21% rise in duration of internet access through mobiles as compared to 2019.

Over CY20-30, Tier 2+ cities will contribute 88% of new online shoppers and $150 Billion in cumulative incremental online retail GMV. 100% FDI allowed under automatic route in B2B E-commerce and in marketplace model of e-commerce. 100% FDI under Government approval route for E-Commerce by Food Retail Companies, provided products retailed are manufactured and/or produced in India. 7 in 10 Online shoppers reside in Tier 2+ cities, 1 in 3 online shoppers are Gen Z (i.e., shoppers born in or after 1997) 1 in 3 Online shoppers belong to low-/low-middle-income segment.

Key trends in the digital market include the rise of digital payments, the growing popularity of e-commerce, and the increasing use of data analytics and artificial intelligence in business operations. BHIM UPI, the digital payments systems, has become a preferred payment method in India, reflecting the shift towards digital transactions. As of Mar 2024, BHIM UPI recorded 14+ Bn digital payment transactions with a value of INR 20.44 Tn. India's digital economy is expected to surge more than fivefold to $1 Tn by 2030. E-Retail penetration as of 2023 is 5%

India spends less than half a dollar per person on internet shopping, while the UK and Singapore spend close to 1,800 and 800 dollars per person, respectively (Ang, 2021). As GDP per capita rises, it will unlock spending and boost e-retail growth

Despite its current modest size, India's e-commerce market is predicted to rise from $38.5 billion in 2017 to $200 billion by 2026, driven by the modernization and expansion of communication networks, logistics and enabling technological advances, policy promoters, rising economic growth, and suitable market dynamics (Ibef.org, 2021).

The total number of e-commerce platform users in India matches up to 230–250 million as of 2023. Even though 61% of internet connections are in urban areas, when urban markets get saturated, future growth will occur in rural areas. User penetration is projected to be 22.1% in 2024, with an anticipated increase to 34.0% by 2029.

Twice as many sellers were added in 2022 compared to 2021. Two-thirds came from Tier 2+ cities, and three-fourths operate in the lifestyle, home, and electronics categories. Insurgent online-first brands have emerged as a fast-growing seller cohort, with more than threefold revenue growth from 2020 to 2022. These brands resonate especially with Gen Z consumers.

Because of the government's efforts for the past seven years to increase digital penetration, India has become the second largest Smart Phone market in the world. There is a high level of cell phone penetration—1.18 billion of which fifty per cent are equipped with smart devices. By the final year of 2020, there will be 750 million smartphones in use, and that number will increase by 25 million per quarter. The modernization of cellular networks, with service providers switching to 4G and 5G, has also increased the connection speeds of data (Sun, 2021; Abbas, 2021).

The e-commerce market in the nation has grown significantly, and as competitiveness has grown, so has segment penetration. Presently, over 19,000 e-commerce businesses are registered in India, accounting for over 1% of the nation's GDP (Vardhman, 2021). Even though the boom of e-commerce started in urban areas, it is quickly spreading to rural areas (Dayal, 2022; Mukhopadhyay, 2022; Indian Television, 2022). Fifty per cent of the consumption in India and 68% of the country's population live in rural areas. As of April 2024, 95.15% villages in India have access to internet with 3G/4G mobile connectivity.

With Bharat Net project, it is aimed to connect all Gram Panchayats (GPs) in the country with Optical Fibre Cable (OFC) connectivity, to provide broadband services to the rural households. Out of total 2.22 lakh Gram Panchayats envisaged under the two phases Bharat Net; 2.13 lakh Gram Panchayats have been made service ready. Also, the Amended Bharat Net Program aims to provide Optical Fibre connectivity to 42,000 uncovered GPs & remaining 3.84 lakh villages on demand basis and to provide 1.5 crore Rural Home Fibre connections.

As per the Ministry of Communications, Government of India a total of 35,680 uncovered villages/habitations in the country are being covered under the ongoing USOF Schemes. All these villages/habitations are in rural, remote, inaccessible areas and are in difficult terrain like hilly area, dense forest, etc. Under different USOF Funded schemes around 9,000 uncovered villages have been covered with 4G connectivity by expenditure of about 11,000 crores.

Growing incomes in rural regions, desires, enhanced connectivity, improved logistics, digitalization of rural areas, younger consumers; higher internet access, smartphone usage, and fintech growth have all contributed to the growth of online shopping in rural areas. Over 60% of transactions and orders originate from tier-two cities and smaller towns. The surge in e-commerce is notably significant in tier-2 and tier-3 cities, where nearly half of all shoppers reside, contributing to three out of every five orders on leading e-retail platforms. The average selling price (ASP) in tier-2 and smaller towns is slightly lower than in tier-1/metro cities.

The outcomes are evident in the sales figures from local markets. Selling from rural marketplaces has accounted for most of the good's value in recent festive sales during Diwali on online shops (Business World, 2022; Mitra, 2020). Growth in rural online shopping is positive for the industry for two reasons. a) It provides businesses a market for their goods and b) it also gives them a chance to hire local craftsmen and business owners for sales in their market. The online retail market in India is growing rapidly and is expected to reach $325 billion by 2030. This provides a large and growing market for online businesses to sell their products and services. According to the GoDaddy Data Observatory India report, 55% of small businesses were started in the last 5 years in India. Out of which, 62% of small businesses have a website, online store, or eCommerce platform to grow their business.

1.4. Factors Influencing Online Buying Behaviour of Rural Consumer

The online buying behaviour of rural India is influenced by a combination of factors unique to the rural context. Here are some key factors:

a) **Internet Access and Connectivity:** The availability and reliability of internet access play a crucial role in determining online buying behaviour in rural areas. Limited internet infrastructure and connectivity issues may hinder rural consumers' ability to browse and shop online.

b) **Smartphone Penetration:** The penetration of smartphones in rural areas has been steadily increasing, providing rural consumers with a means to access online shopping platforms. The affordability of smartphones and data plans has contributed to this trend.

c) **Trust and Reliability:** Trust is a significant factor influencing online buying behaviour in rural India. Rural consumers may be more cautious about conducting online transactions due to concerns about the reliability of e-commerce platforms, delivery services, and payment methods.

d) **Language and Regional Preferences:** Catering to the linguistic and regional preferences of rural consumers is crucial for e-commerce companies. Providing localized content, language support, and product offerings tailored to specific regions can enhance the relevance and appeal of online shopping platforms in rural areas.

e) **Product Availability and Diversity:** Rural consumers may have different shopping needs and preferences compared to their urban counterparts. E-commerce platforms need to offer a diverse range of products that cater to the unique requirements of rural consumers, including agricultural tools, traditional handicrafts, and locally sourced goods.

f) **Price Sensitivity and Value Perception:** Rural consumers are often price-sensitive and value-conscious. Offering competitive prices, discounts, and deals can incentivize rural consumers to shop online.

g) **Word-of-Mouth and Social Influence:** Word-of-mouth recommendations and social influence play a significant role in rural communities. Positive experiences shared by friends, family, or community members can influence rural consumers' perceptions and decisions regarding online shopping. Leveraging social networks and community-based marketing initiatives can help e-commerce companies gain traction in rural markets.

h) **Last-Mile Logistics and Delivery:** Efficient last-mile logistics and delivery infrastructure are essential for fulfilling orders in rural areas. E-commerce companies need to address challenges related to transportation, infrastructure, and geographical spread to ensure timely and reliable delivery of products to rural consumers.

i) **Digital Literacy and Education:** Enhancing digital literacy and education initiatives in rural areas can empower consumers to engage more confidently with online shopping platforms. Providing training programs, tutorials, and customer support services can help rural consumers overcome barriers related to technology adoption and usage.

j) **Seasonal and Cultural Factors:** Rural buying behaviour is often influenced by seasonal and cultural factors. E-commerce companies need to be aware of regional festivals, harvest seasons, and cultural celebrations that may impact purchasing patterns in rural areas. Understanding these factors and addressing the specific needs and preferences of rural consumers is essential for e-commerce companies looking to tap into the vast potential of rural markets in India. By adopting a localized approach, building trust, and providing value-added services, companies can effectively engage with rural consumers and drive online sales growth.

2. LITERATURE REVIEW

With the help of favourable circumstances, intense rivalry has accompanied the expansion of e-commerce in India. E-commerce firm creation has been made simple by low entry hurdles such as the free availability of enabling technology, minimal capital needs, well-defined policies and infrastructure, and skilled people resources. India has quickly amassed over 19,000 separate e-commerce companies, some of which operate as aggregators and some of which are stand-alone enterprises (Vardhman, 2021). E-commerce companies and their clients are affected by this kind of hyper-competition (D'Aveni, 2010; Ring, 2014). In a world of intense competition, e-commerce platforms must be creative, adaptable, and agile to maintain client happiness (Gimeno and Woo, 1996; Veliyath and Fitzgerald, 2000; Biedenbach and Söderholm, 2008; Matzler et al., 2009).

Consumers must continually weigh many factors when choosing and sticking with e-commerce platforms since they are faced with a contradiction of selection. Customers assess platforms according to the following factors: customer referrals, risk concerned, refund policies, the delivery process, satisfaction or excitement, details about the websites variety of products or services, and standard of service. Reduced commitment and frequent client switching are further effects of competitiveness (Gummesson, 1997). Recent research in academia has also investigated the several aspects that influence the choice of e-commerce platforms.

Positive experiences increase customer confidence and commitment and attract new web visitors (Changchit et al., 2019). Following the complete unified theory of the adoption and utilization of technology, a Chinese study of students' online purchasing behaviour discovered proof of the impacts of alleged usefulness, convenience of use, price-value, habit, perceived threat, and reliability influencing online shopping behaviour (Chen et al., 2018). However, variations in internet browsing patterns could be brought about by demographic influences. Research indicates that internet purchasing is influenced by gender, with men perceiving it as more pleasurable and reliable than women, who prefer purchasing goods offline (Dai et al., 2019).

The drawbacks of internet shopping, particularly for young people and teenagers, include buying on impulse, lack of social engagement, a loss of tactile expertise, and phony purchases (Grant et al., 2011; Hayua et al., 2020; Leung, 2021). Apart from the benefits, drawbacks, and facilitators, internet buying will continue to expand.

The development of neural networks and machine learning, along with advancements in computing, communication, logistics, and automated processes, will facilitate this rise. The digitization brought about by the epidemic and the shifting demographics of consumers have also contributed to the growth of online shopping.

The generation of young people and digital native generations are progressively taking over the purchasing scene; these are the two demographics most at ease in the online environment that technology has made possible. Since approximately 70% of the people of India lives in rural areas, the nation's vast, varied, and rural population would be the main driver of growth in e-commerce. The future of this sector may not be favourable to their elimination. Understanding rural consumers' behaviour—who are more value-conscious when compared to urban counterparts—is necessary for such rural expansion, nevertheless. In this research, rural consumers' willingness to purchase goods online is examined with respect to customer service quality, details, site excellence, their experience on the website, policies of return and refund, reliability, perception of risk, and pleasure.

3. OBJECTIVES OF THE STUDY

Following may be the objectives of the proposed study

i. To examine the role of socio-demographic variables such as age, income, and education in shaping online shopping behavior in rural India via top 5 on online shopping platforms i) Amazon ii) Flipkart iii) Myntra iv) India Mart v) Jio Mart and to assess the impact of infrastructural constraints, including internet connectivity and logistics, on rural consumers' online shopping experiences.

ii. To explore the preferences and motivations driving purchasing decisions among rural online shoppers.

iii. To determine/explore opportunities and challenges for businesses looking to expand their online presence in rural India. SWOT Analysis to be done for market penetration and growth.

4. STATEMENT OF THE RESEARCH PROBLEM

Following are the null hypotheses to be tested during this study:

H_{01}: There is no significant mean difference in online shopping behaviour based on socio-demographic variables such as gender, age, income, and education in rural India.

H_{02}: There is no significant mean difference in online shopping experience based on infrastructural constraints, including internet connectivity and logistics in rural India.

H_{03}: There is no impact of effectiveness of current marketing strategies employed by e-commerce companies in targeting rural Indian consumers.

5. RESEARCH METHODOLOGY

The research methodology for studying consumer behaviour on online shopping in rural India involves a comprehensive approach to gather and analyse data.

Firstly, a mixed-methods approach combining quantitative and qualitative techniques would be employed. Quantitative surveys would be conducted to gather demographic information and to quantify factors such as frequency of online purchases, preferred products, and satisfaction levels. This would provide statistical insights into general trends and patterns.

Secondly, qualitative methods like in-depth interviews and focus group discussions would be utilized to delve deeper into the motivations, attitudes, and perceptions of rural consumers towards online shopping. This qualitative data would offer nuanced understanding of the cultural, social, and economic factors influencing their behaviour.

Sampling techniques would involve selecting a representative sample of rural consumers from diverse geographic locations and socio-economic backgrounds. Data collection methods would include both online surveys and face-to-face interviews, conducted in local languages to ensure comprehension and participation. The number of reposes proposed to be 500-600.

Besides, data analysis would entail both quantitative techniques such as descriptive analysis, regression analysis, analysis of variance, and qualitative techniques like thematic analysis to derive meaningful insights and draw conclusions regarding rural consumers' online shopping behaviour.

6. CHAPTER PLAN (TENTATIVE)

The chapter plan of the research work is as follows:

Chapter No.	Chapter Heading
Chapter I	Introduction
Chapter II	Review of Literature
Chapter III	Research Methodology
Chapter IV	Data Analysis and Interpretation
Chapter V	Testing of Hypothesis and Discussion
Chapter VI	Findings, Conclusion and Suggestions

7. LIMITATIONS OF THE STUDY

Sample size is representative and not homogenous. Findings are based on the sample size selected

8. SIGNIFICANCE OF THE STUDY

Understanding rural Indian consumer behaviour in online shopping is crucial for expanding markets, tailoring marketing strategies, and fostering economic empowerment. Insights drive product localization, infrastructure development, and policy formulation, bridging the urban-rural divide. By addressing barriers and empowering rural consumers, businesses enhance access to goods and services, fostering inclusive growth. Additionally, it promotes cultural understanding and sensitivities, ensuring equitable development and sustainable engagement in the digital economy.